



FINANCE COMMITTEE

CITY COUNCIL

MONDAY, JUNE 1, 2009
CITY COUNCIL OFFICE
5:00 p.m.
AGENDA

Committee: J. Waltman, Chair, S. Fuhs, M. Baez

COMMITTEE OF THE WHOLE

- Amendment to Human Relations Ordinance 5:00 pm**
 - 2008 External Audit Review – Herbein & Co. 5:30 pm**
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FINANCE COMMITTEE

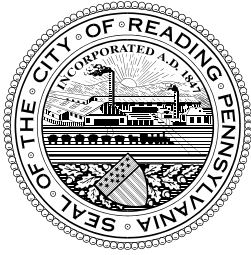
1. Review Ordinance increasing the fees in the Engineering, Streets, and Traffic Engineering areas (*requested at 5-18 work session*) 6:00 p.m.

2. Blue Ribbon Panel Update 6:20 p.m.

3. 2010 Budget Preparation Issues 6:40 p.m.

- a. 2009 Budget Adjustments
- b. 2010 Revenue Projections
- c. 2010 Expenditure Projections
- d. CDBG project allocation tracking (unused funds, etc)

4. Define Budget Summit Topics



CITY COUNCIL

Finance Committee

Meeting Report Monday, May 4, 2009

Committee Members Attending: J. Waltman, M. Baez,

Others Attending: F. Denbowski, C. Geffken, C. Younger, R. Hottenstein, V. Spencer, D. Cituk, L. Kelleher

The Finance Committee meeting was called to order by Mr. Waltman, chair, at the conclusion of the Committee of the Whole meeting.

COLLECTIONS RFPs

The report on this issue can be found in the May 4th Committee of the Whole meeting report. In summary:

- Solid Waste/Recycling recommendation to award contract to Portnoff Associates for Council consideration at May 11th regular meeting with Council.
- Delinquent tax and fee collection currently under Committee review, recommendations expected by May 27th.

Report on Blue Ribbon Panel

The kick-off meeting of the Blue Ribbon Panel, a panel composed of four (4) appointees by the Mayor and seven (7) appointees by City Council, occurred on April 29th, from 11 am – 1 pm in the Penn Room. At the meeting, panelists brainstormed about various areas that need review. It was suggested that one of the three panelists, who reside in the City, should volunteer to chair the panel. At the end of the meeting a new chair was selected, the Mayor volunteered to be temporary chair until someone was selected by the panel.

The next meeting is set for May 21st from 11am – 1pm. The panelists asked that the administration forward them copies of various documents to review, such as a copy of the draft of the Maximus Report, a copy of a report showing the inventory of all City property, the 2009 budget, etc.

Mr. Waltman expressed the belief that the panel should first be assisting City Council and the Administration with the \$10,000,000 gap. He suggested that this should be the panel's

main priority. He noted that the panel discussed many issues that will require changes to state legislation and other issues that will attempt to regionalize various functions and services. While these issues are real, they are not issues that can be addressed by the end of 2009; therefore, they'll have no affect in the 2010 budget. Issues that require changes to state legislation or regionalization should be considered long term goals. He noted that he distributed a one-page handout covering his suggestions for both long range and short range goals to the panel.

Mr. Spencer agreed that the panel needs to look at long term and short term goals. He expressed concern that the panel may get too bogged down in selecting long term and short term goals and miss the opportunity to assist the City in developing a sound 2010 budget that closes the expected ten million dollar gap.

Mr. Waltman noted that there was some discussion about the use of Act 47 as a measure to address many of the City's financial problems. He expressed his belief that the City should not even consider Act 47, unless they have taken every necessary corrective action. He noted various synergies that could be identified by this panel, composed of people who have various skill sets such as banking, investments, personnel, system processes, labor, education, etc.

Mr. Waltman noted that the next meeting of the panel scheduled for May 21st from 11am to 1pm in the Penn Room. He encouraged the Finance Committee and others to attend.

2010 Budget Preparation and Issues

Budget Preparation

Mr. Waltman noted that the budget summit was usually held by the first Saturday in June and provides the means for City Council and the Administration to have open discussions on various budget options. He suggested that the Administration use this time productively to poll members of Council about their willingness to increase or decrease staff levels, fines, fees, and taxes.

The Administration stated they plan to hold the budget summit on Saturday, June 20th. Mr. Waltman and Ms. Kelleher noted that this is the latest a budget summit has ever occurred and questioned the delay. The Administration, replied that date was selected to accommodate Mr. Hottenstein's schedule.

Mr. Spencer inquired if the Administration will be able to provide accurate supporting documentation at the summit. The Administration replied that they plan to submit the draft budget at the budget summit.

Ms. Kelleher noted that the budget calendar distributed by the Administration indicates that various departments and offices will not be submitting their own budgets. The Administration replied that 2010 budgets will not be prepared by department directors and offices, but will be prepared by the budget team based on

department directors work plans. Ms. Kelleher noted that various offices have not been asked to submit work plans. She inquired how the budget team will be able to identify the needs of those who do not submit work plans. She stated that the Council office was originally included in the meetings to develop and define work plans, however for some reason Council office was excluded starting in June 2008. She stated that she has been waiting for the Council office work plan to be reviewed since June-July 2008.

Mr. Geffken stated that he and the Administration need to define which core services can be funded. Mr. Spencer replied that City Council needs to know the Administration's position on various core services, so input and discussion can occur.

Mr. Waltman again suggested that the Administration use the budget summit to poll members of Council on revenue stream adjustments. After revenues are defined, discussion can then turn to expenditures.

There was the next discussion on the various gaps in the budget process. Mr. Geffken agreed that the budget process needs vast improvements.

Mr. Spencer noted the need to consider what core services can be covered with existing revenues.

Mr. Cituk questioned the use of work plans to replace budget submitted by the different departments and offices. He stated he knew nothing about the use of work plans and requested copies of the work plans.

Utility Billing and Utility Billing Manager

Mr. Waltman described the ongoing discussions on problems with the Water Utility Billing. He stated that it was his understanding that the Administration and RAWA are currently working on resolving issues, retraining staff and addressing other IT needs.

Mr. Geffken noted that the IT office should be oriented to meet the needs of all City departments and functions. He noted the need to define the overall service IT provides, whom they provide service to, and provide clarity on the ownership of various IT issues.

Structural Deficit

Mr. Waltman recapped discussion and consideration of the City's structural deficit. He noted that the City has been considering the structural deficit for many years. He stated that to his knowledge first part of the structural deficit in a PEL Report in the late nineties. At that time, he stated he served on the City's FIT team. He stated that Council has requested continuing discussion on the deficit at each monthly Finance Committee meeting; however the Administration repeatedly avoided this

topic.

Mr. Geffken noted that other communities across PA shared the same financial stress. He stated that there are poor and smart one time fixes, and then added that selling or transferring City assets is not always the best choice.

Mr. Cituk noted that the loss of the sewer transfer has enlarged the problem. The City lost the ability to transfer revenue from the Sewer Enterprise Fund to the General fund due to the consent decree on the waste treatment plant.

Mr. Waltman noted that a budget shouldn't be an expense plan, but instead an investment in the City. He noted that the annual budget should focus on meeting measurements to provide a clean and safe city.

Ms. Kelleher, for historical purposes, told Mr. Geffken that City Council, over the past few years, has been blasted by the Administration and by various other parties for refusing to consider tax increases. She stated that back in the late nineties, right after the City began its Home Rule form of government, City Council refused to increase property and earned income taxes and instead asked the Administration to reorganize to create efficiencies and to work to collect the previously uncollected taxes, fines, and fees. Over the course of the next few years various re-organizations occurred, mostly in the Public Works areas, to create improved efficiencies, however the improved collection of taxes, fines and fees was ignored. Moving into and beyond the year 2000, City Council continued to be selective about increasing taxes, urging the Administration to improve it's collections of various fees and taxes, culminating in the agreement that occurred in December 2008, where by the Administration agreed to hire an independent contractor to collect the outstanding fines, fees, and taxes, if City Council would agree to a property tax increase.

Mr. Spencer expressed the belief that the police and fire areas are top heavy when compared to Public Works. He noted that the Public Works department provides services that are important to tax payers and City residents, such as street cleaning, leaf collection, snow removal, tree trimming, street repairs, etc.

Mr. Geffken agreed, but noted the need to have adequate police manpower to address crime issues. He described his experience in New York City in the early nineties, when the number of police officers was dramatically increased to address safety issues. Ms. Kelleher noted that the police department is currently operating at 10-15 officers under that budgeted.

Maximus Report

Mr. Geffken distributed a handout showing each fee area, its current rate, the Maximus recommendation, and the recommendation suggested by the City Clerk and Managing Director. It was noted that the Managing Director and City Clerk have been meeting over

the past few months to review the recommendations made in the Maximus Report and prepare recommendations.

The group next discussed the recommendation to increase the rental permit. The report shows that the current fee is \$50 per unit and the Maximus recommendation would increase that permit fee to \$294. There was discussion if the \$294 was per unit or per property. Mr. Geffken and Ms. Kelleher explained that the Maximus recommendation includes fully loaded cost that includes the salary of all employees who are involved with reviewing/approving the permit, the fringe benefit packages and the indirect cost (office space, equipments, equipment vehicles, etc.)

Ms. Kelleher stated that she and Mr. Hottenstein recommend discontinuing the rental service for recreation equipment such as tables, chairs, bleachers, etc. She stated that it is believed that the manpower used to deliver and collect these items could be better used to complete other Public Works services. Mr. Spencer suggested continuing the program but requiring the citizen to pick up and return the items rented. Mr. Cituk noted that the exchange will still require the use and time of City staff.

Mr. Waltman requested that the Administration supply the weighted average for rental units. Mr. Cituk expressed the belief of weighted averages steps away from covering the cost to supply or provide the rental registration program.

Mr. Spencer questioned if increasing the rental registration would drive more properties under ground. Mr. Waltman questioned if the Maximus fee considers, the City's inspection schedule, which occurs every three to five years.

The group next discussed increasing the fees for fields, pavilion, and field house rental.

The Finance Committee meeting adjourned at 7pm.

Respectfully submitted by Linda A. Kelleher CMC, City Clerk

FOLLOW-UP ISSUES

- Recommendation for contract award for independent contractor to undertake collection activities as required by Resolution 131-2008 – first report from contractor due June 1st.
- Report – Blue Ribbon Panel meeting & panel focus areas
- 2010 Budget Summit Sat June 20th 9 a.m.
 - provide support documentation one week in advance
 - define core services
 - Work Plans – provide copies to Auditor and Council
 - Poll to identify Council's position on various tax, fee, fine increases
- Update on Utility Billing issues & hiring Utility Billing Manager
- Maximus Recommendations

- Are the rental permit fees per unit or per property
- Do the rental fees consider the inspection schedule currently set at no more than 1 inspection every 3-5 years
- Provide weighted averages for rental permit fees
- Ordinance to enact increases